

CHAPTER 2

OPERATING BUDGET PROCESS

The operating budget process consists of seven phases. Following is a brief description of each phase.

Phase 1. Formulation

This is the initial phase of the operating budget process. Budget Officers identify policies and guidance from HQUSACE and local areas of concern. Budget Officers will also determine the workload (income and expense), identify targets and limitations (planning and design, supervision and administration, overtime, travel, training, awards, etc.), income estimating guidelines and budget milestones.

Phase 2. Review and Analysis

Budget Officers review the initial input from the organizations for reasonableness, accuracy, valid assumptions, and past performance. They are also responsible for ensuring rates for departmental overhead, general and administrative overhead, facility accounts and plant accounts are appropriate and reasonable. Budget Officers prepare a proposed budget, identify the impact of alternatives to the proposed budget, make recommendations, and present the proposed budget to the PBAC (Program and Budget Advisory Committee).

Phase 3. PBAC Review and Consensus

The PBAC will review the proposed budget and alternatives and will determine a recommended budget for submission to the Commander. The PBAC may identify unfinanced requirements, showing their dollar amounts and justifications. Significant changes will be approved by the PBAC and the Commander.

Phase 4. Approval

The Budget Officer submits the PBAC recommended budget and alternatives for final Command approval. The approved operating budget is made available for execution.

Phase 5. Execution

Managers obligate and expend funds in accordance with the approved operating budget.

EP 37-1-3
1 May 98

Phase 6. Monitoring

Operating budgets should be monitored on a monthly basis. Feedback reports are available to managers for monitoring actual performance compared to budgeted amounts. The Budget Officer provides periodic execution reports and analysis to the PBAC and the Commander. As a minimum, mid-year review will be completed.

Phase 7. Adjustments

Significant operating budget changes identified during the monitoring stage will be summarized and presented to the PBAC and the Commander for approval.